Introduction – Discussion Goals

Discussion Goals

1) Underscore the increasing importance of public health procurement as a PFM issue

2) Highlight public and private sector perspectives on what works

Discussion Agenda

1) The Importance of Health Procurement as a PFM issue

2) Managing Health Procurement Programs

3) Case Study Introduction - Ukraine

4) Ukraine Results
Introduction

The Panel

1) Larry Michel – CEO, Crown Agents USA, lmichel@crownagents.com
2) Ruth Lopert, Deputy Director, Pharma Policy and Strategy, Management Sciences for Health, rlopert@msh.org
3) Catherine Severo, Project Director – Grant Management Solutions Project, Management Sciences for Health, csevero@msh.org
4) Tom Brown – Health Procurement Practice Lead, Crown Agents tbrown@crownagents.co.uk
Public Health Procurement – Escalating PFM Issue

Setting the Scene

• Public health expenditure is already an increasingly important PFM issue

• Pharmaceutical procurement is the #2 health expenditure in most countries, after labor

• Population trends dramatically intensify health as a PFM issue

• The importance of effective health procurement will also intensify

Public Health Spending-A Growing PFM Issue

[Visual from the following URL on October 27, 2016: http://data.worldbank.org/indicator/SH.XPD.PUBL.ZS]
System objective: continuity of pharmaceutical coverage

Regulation and Governance of Health Products Procurement

Central Medicines Committee

Pharmacy Law

National Formulary

National Quantification Committee

Tender Board

Procurement Regulations

Health products:
- Of acceptable quality, meeting specifications
- At a reasonable price
- Delivered to country and down to service delivery level (“last mile”)

Objective: Continuity of pharmaceutical coverage for affected populations
Global Takeaways

- Maintain a formulary list
- Leverage integrated skills for health products governance, oversight, management
- Triangulate patient use data, inventory data, patient objectives to quantification of health products for procurement

- Separate key functions for selection, tendering, quality assessment, payment
- Consider Rule of 5 for low pricing
- Procure generic products when possible
- Lift import duty, customs, demurrage bottlenecks
- Pay promptly
- Redistribute regionally to avoid wastage
Ukraine Case Study - Introduction

Ukraine Context

- Rapidly aging population; relatively high HIV infection rate; and, TB, particularly MDR-TB, a threat

- Legacy health system focus on in-patient care vs. outpatient services or primary care and prevention

- 2013-2015 disruption of pharmaceutical supply

- Ukrainian Government prioritizes health reform

- Key element of reform: increase pharmaceutical access and decrease cost

Pharmaceutical Spending – Limited $ → Limited Diversity

4,285 medicines procured in 2013 with total spending of 2.87 billion UAH

- 9 medicines accounted for 20% of total spending
- 48 medicines accounted for 50% of total spending
- The remaining 4,237 medicines
Ukraine Case Study - Introduction

Ukraine Context (2)

• Inconsistency between burden of disease and health expenditure, even more so in pharmaceutical procurement

• Inadequate forecasting and insufficient funds => very poor availability, with most medicines purchased out-of-pocket

• Lack of prescribing guidance and compliance with marketing regulations results in inappropriate use

• Procurement plagued by poorly skilled staff and corrupt practices at both the national and sub-national level

• Efforts to establish new EML as basis for public procurement

• Intention to introduce limited outpatient drug reimbursement from 2017
Ukraine Outcomes

- Reduced net prices on 168 pharmaceuticals by 38% (2015 vs. 2014)
- 84% of 168 intervention pharmaceuticals saw price reductions (2015 vs. 2014)
- 45% savings (UAH 500M) during the adult and paediatric procurement programs